

# House Study Bill 669

HOUSE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE ON  
GOVERNMENT OVERSIGHT BILL  
BY CHAIRPERSON LENSING)

Passed House, Date \_\_\_\_\_ Passed Senate, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

## A BILL FOR

1 An Act relating to pharmacy benefits management including the  
2 timely payment of claims payable under a pharmacy benefits  
3 management plan and disclosure of certain information.  
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:  
5 TLSB 6156HC 82  
6 pf/nh/24

PAG LIN

1 1 Section 1. Section 510B.3, subsection 2, paragraph a, Code  
1 2 Supplement 2007, is amended to read as follows:  
1 3 a. Timely payment of pharmacy claims.  
1 4 (1) The rules shall provide that any pharmacy benefits  
1 5 management contract entered into, amended, or renewed on or  
1 6 after July 1, 2008, shall include all of the following  
1 7 provisions:  
1 8 (a) All claims submitted electronically for benefits  
1 9 payable under a pharmacy benefits management plan shall be  
1 10 paid as soon as technologically feasible, but no later than  
1 11 fifteen days after receipt of an electronic clean claim.  
1 12 (b) All claims submitted in a paper format for benefits  
1 13 payable under a pharmacy benefits management plan shall be  
1 14 paid no later than thirty days after receipt of a clean claim.  
1 15 (c) Any claim not paid to the pharmacy as specified in  
1 16 subparagraph subdivision (a) or (b) shall accrue interest at a  
1 17 rate of ten percent per annum commencing the day following the  
1 18 last day on which the payment was allowable under subparagraph  
1 19 subdivision (a) or (b), and continuing until the claim is  
1 20 finally paid or adjudicated in full.  
1 21 (2) A pharmacy benefits manager may apply to the  
1 22 commissioner of insurance for a waiver from the inclusion of  
1 23 these provisions in a contract for good cause shown, but any  
1 24 waiver granted shall not extend beyond January 1, 2009.  
1 25 (3) For the purposes of this paragraph "a", "clean claim"  
1 26 means a claim that has no defect or impropriety, including  
1 27 lack of any required substantiating documentation, or  
1 28 particular circumstance requiring special treatment that  
1 29 substantially prevents timely payment from being made on the  
1 30 claim.  
1 31 Sec. 2. NEW SECTION. 510B.8 DISCLOSURE OF INFORMATION ==  
1 32 CONTENT == FEES.  
1 33 1. A covered entity may request that any pharmacy benefits  
1 34 manager with which the covered entity has a contract for  
1 35 pharmacy benefits management disclose, and the pharmaceutical  
2 1 benefits manager shall disclose to the covered entity, all of  
2 2 the following information, in writing, regarding each  
2 3 pharmaceutical manufacturer or labeler with whom the pharmacy  
2 4 benefits manager has a contract:  
2 5 a. The aggregate amount and, for a list of prescription  
2 6 drugs specified in the contract, the specific amount of all  
2 7 rebates and other retrospective utilization discounts received  
2 8 by the pharmaceutical manufacturer or labeler that were earned  
2 9 in connection with the dispensing of prescription drugs to  
2 10 covered individuals of the health benefit plans issued by the  
2 11 covered entity or for which the covered entity is the  
2 12 designated administrator.  
2 13 b. The nature, type, and amount of all other revenue  
2 14 received by the pharmacy benefits manager directly or  
2 15 indirectly from each pharmaceutical manufacturer or labeler  
2 16 for any other products or services provided to the  
2 17 pharmaceutical manufacturer or labeler by the pharmacy

2 18 benefits manager with respect to programs that the covered  
2 19 entity offers or provides to its enrollees.  
2 20 c. Any prescription drug utilization information requested  
2 21 by the covered entity relating to covered individuals.  
2 22 2. A pharmacy benefits manager shall disclose the  
2 23 information requested by the covered entity within thirty days  
2 24 of receipt of a request. If requested, the information shall  
2 25 be provided at least once each year. The contract entered  
2 26 into between the pharmacy benefits manager and the covered  
2 27 entity shall specify any fees to be charged for drug  
2 28 utilization reports requested by the covered entity.

2 29 EXPLANATION

2 30 This bill provides that the rules for timely payment of  
2 31 pharmacy claims by pharmacy benefits managers are to provide  
2 32 that any pharmacy benefits management contract entered into,  
2 33 amended, or renewed on or after July 1, 2008, shall include  
2 34 all of the following provisions: All claims submitted  
2 35 electronically for benefits payable under a pharmacy benefits  
3 1 management plan shall be paid as soon as technologically  
3 2 feasible, but no later than 15 days after receipt of an  
3 3 electronic clean claim; all claims submitted in a paper format  
3 4 for benefits payable under a pharmacy benefits management plan  
3 5 shall be paid no later than 30 days after receipt of a clean  
3 6 claim; and any claim not paid to the pharmacy as specified  
3 7 shall accrue interest at a rate of 10 percent per annum  
3 8 commencing the day following the last day on which the payment  
3 9 was allowable and continuing until the claim is finally paid  
3 10 or adjudicated in full. The bill includes a provision to  
3 11 allow a pharmacy benefits manager to apply to the commissioner  
3 12 of insurance for a waiver from the inclusion of these  
3 13 provisions in a contract for good cause shown, but any waiver  
3 14 granted shall not extend beyond January 1, 2009.

3 15 The bill also provides that a covered entity may request  
3 16 that any pharmacy benefits manager with which the covered  
3 17 entity has a contract for pharmacy benefits management  
3 18 disclose, and the pharmacy benefits manager is to disclose to  
3 19 the covered entity, in writing, information regarding each  
3 20 pharmaceutical manufacturer or labeler with whom the pharmacy  
3 21 benefits manager has a contract including the aggregate amount  
3 22 and, for a list of prescription drugs specified in the  
3 23 contract, the specific amount of all rebates and other  
3 24 retrospective utilization discounts received by the  
3 25 pharmaceutical manufacturer or labeler that were earned in  
3 26 connection with the dispensing of prescription drugs to  
3 27 covered individuals of the health benefit plans issued by the  
3 28 covered entity or for which the covered entity is the  
3 29 designated administrator; the nature, type, and amount of all  
3 30 other revenue received by the pharmacy benefits manager  
3 31 directly or indirectly from each pharmaceutical manufacturer  
3 32 or labeler for any other products or services provided to the  
3 33 pharmaceutical manufacturer or labeler by the pharmacy  
3 34 benefits manager with respect to programs that the covered  
3 35 entity offers or provides to its enrollees; and any  
4 1 prescription drug utilization information requested by the  
4 2 covered entity relating to covered individuals.

4 3 The information is to be provided within 30 days of receipt  
4 4 of the request for disclosure of the information, and, if  
4 5 requested, the information shall be provided at least once  
4 6 each year. The contract entered into between the pharmacy  
4 7 benefits manager and the covered entity is to specify any fees  
4 8 to be charged for drug utilization reports requested by the  
4 9 covered entity.

4 10 LSB 6156HC 82

4 11 pf/nh/24